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Nº 85 – June 2006

GENERAL INTEREST

Altered States: A Perspective on 75 Years of State Income Growth

FRB Cleveland - 2005 Annual Report – 17 pages

<http://www.clevelandfed.org/Annual05/PDF/Essay2005.pdf>

In this Annual Report, we ask: Why do residents of some states have higher incomes than residents of other states? Why have these income differences persisted for the past 75 years? To answer these questions, we analyze the patterns of per capita income growth across the 48 contiguous U.S. states from the 1930s to 2004. We find that, over the long run, factors like innovation and a skilled labor force appear to make a big difference in explaining why some states have grown more than others.

Laura B. Shrestha.

The Changing Demographic Profile of the United States

Congressional Research Service - Updated May 5, 2006 – 31 pages.

<http://www.fas.org/sgp/crs/misc/RL32701.pdf>

“Within the next few years, the U.S. population -currently estimated at 299 million persons - is expected to reach twice its 1950 level of 152 million. The population has also become qualitatively different from what it was in 1950. This report highlights some of the demographic changes that have already occurred since 1950 and illustrates how these and future trends will reshape the nation in the decades to come (through 2050).” The report also highlights some policy areas that will need to be addressed (Work, Retirement, and Pensions, Private Wealth and Income Security ,The Federal Budget and Intergenerational Equity...)

Productivity: The Path to Prosperity

U.S. Congress – Joint Economic Committee – Research report – June 2006 – 6 pages

<http://www.house.gov/jec/news/news2006/rr109-39%20Productivity%20Expanded.pdf>

This paper highlights: why productivity is important; what drives productivity growth; why productivity began to surge in the mid-1990s; and whether productivity will continue to increase at a robust rate.

Edward Gresser, Paul Weinstein, Jr., and Will Marshall

Raising Our Game - A National Competition Strategy

Progressive Policy Institute - Policy Report - June 29, 2006 - 16 pages

http://www.ppionline.org/documents/Raising_Game_062906.pdf

“The United States needs a new comprehensive policy designed to ensure that it remains the most innovative, most productive, most able to create high value-added jobs and best suited to lead the world. The Progressive Policy Institute's (PPI), National Competition Strategy recommends a model based on lasting principles that can effectively respond to the modern challenge with reforms that: (1) Put innovation first; (2) Strengthen the world trade system; (3) Establish a new compact for worker security; (4) Restore fiscal sanity in Washington.”

TAX POLICY

Impact of International Tax Reform on U.S. Competitiveness

House Committee on Ways and Means – Hearing - June 22, 2006

<http://waysandmeans.house.gov/hearings.asp?formmode=detail&hearing=470>

“Increasingly, the markets for U.S. companies have become global, and foreign-based competitor companies operate under tax rules that are often more favorable than our own. The existing U.S. tax law governing the activities of multinational companies has been developed in a patchwork fashion, with the result that current law can result in circumstances that harm the competitiveness of U.S. companies. In addition to their economic implications, the international tax rules are among the most complex in the code, with the result that they are both costly and difficult for companies to comply with and challenging for the Internal Revenue Service to administer. Current U.S. international tax rules should be reviewed with an eye to reducing their complexity and removing impediments to U.S. international competitiveness.”

Veronique de Rugy

Enabling a Spending Explosion: The Trend in Supplemental

AEI – Study - June 12, 2006 – 21 pages

http://www.aei.org/publications/pubID.24547/pub_detail.asp

“When members of Congress passed a \$94.5 billion supplemental spending bill this week--the largest ever--they exacerbated a disturbing recent trend in fiscal policy. Instead of using supplementals only for their intended purpose of unexpected or urgent funding needs, the President and Congress are increasingly relying on supplemental appropriations as a normal part of the budget process.”

A Tune-Up on Corporate Tax Issues: What's Going On Under the Hood?

U.S. Senate – Committee on Finance – Hearing - June 13, 2006

<http://finance.senate.gov/sitepages/hearing061306.htm>

“Those taxpayers who choose to comply with the letter and spirit of the law should know that we are aggressively identifying and pursuing those who do not. I have described some of our strategies designed to prevent, identify and deal with noncompliance. I have also identified some examples of steps that Congress could take to assist us. While we have made significant progress in the past few years, more needs to be done to keep up with, if not ahead of, emerging trends and compliance issues.”

MONETARY POLICY - FINANCE

John H. Makin

Greenspan's Inflation Is Bernanke's Problem

AEI Online – Economic Outlook - July 1, 2006

http://www.aei.org/publications/pubID.24611.filter.all/pub_detail.asp

“With the benefit of hindsight, it is possible to say that the Fed has tightened too slowly at 25 basis points per meeting since the tightening began in June 2004. That judgment follows simply from the fact that the Fed has failed to contain inflation within its target ranges... The likely persistence of inflation and growth may force a higher terminal fed funds rate, more slowing of growth, and additional wealth losses than would have occurred had more tightening by the Greenspan Fed preempted building inflation pressures.”

Daniel Ikenson

Currency Controversy: Surplus of Politics, Deficit of Leadership

Cato Institute - Free Trade Bulletin – May 31, 2006 – 4 pages

<http://www.uptilt.com/c.html?rtr=on&s=77z,kmwf,10k2,29p5,ib7u,lvw,44m4>

“It is unclear how appreciation of the Chinese yuan would affect the balance of trade between the United States and China. Yet, many U.S. policymakers are so convinced that appreciation would reduce the U.S. trade deficit that they would even support sanctions to compel that outcome. Not only does that position reflect ignorance of the factual record that shows rising U.S. deficits with nearly all of our major trade partners despite a continuous decline in the dollar's value, but it fails to reflect adequate consideration of other likely consequences.”

International Financial Crime: Treasury's Roles and Responsibilities Relating to Selected Provisions of the USA Patriot Act

United States Government Accountability Office (GAO) - May 2006 – 62 pages

<http://www.gao.gov/new.items/d06483.pdf>

“Section 330 of the USA PATRIOT Act encourages the federal government to engage foreign jurisdictions in negotiations to ensure that foreign banks and financial institutions maintain adequate records to combat international financial crime. Treasury plays a lead role in facilitating such efforts. In accordance with its various responsibilities codified by section 361, FinCEN is to coordinate with its foreign counterparts—financial intelligence units (FIU). This report describes: (1) Treasury's approach for negotiating with foreign jurisdictions; (2) How FinCEN has contributed to establishing FIUs in foreign countries and enhancing the capabilities of these units; and (3) What actions FinCEN is taking to maximize its performance as a global partner.”

Robert E. Litan

It's Time to Let Banks (Even Big Ones) Compete

AEI-Brookings Joint Center - June 8, 2006 – 20 pages

<http://www.aei-brookings.org/admin/authorpdfs/page.php?id=1282>

“One would have thought that by now all of the artificial barriers that prevent banks and other financial service firms from competing would have been removed... The 1994 Act contained one seemingly minor restriction, however: fearing that interstate authority would lead banks to engage excessively in mergers, Congress put caps on the share of domestic deposits that any banking organization could hold... This essay argues that now that the caps are binding, or nearly so, they are also counterproductive. They artificially encourage U.S. banking organizations to expand into non-banking businesses and abroad, while giving foreign banks an artificial advantage in bidding for U.S. banks.”

Hedge Funds and Independent Analysts: How Independent are Their Relationships?

U.S. Senate – Committee on the Judiciary – Hearing - June 28, 2006

<http://judiciary.senate.gov/hearing.cfm?id=1972>

Full committee hearing to looking into current practices between Hedge Funds and Independent Analysts: what is legitimate and what is not? What is “independent” analysis? Is research ever “independent”? Is there enough scrutiny of this kind of activity, or do we need more disclosures and safeguards in the trade? Are the Department of Justice and the Securities and Exchange Commission being aggressive in their investigations of alleged wrongdoing? Moreover, do they have the tools and/or resources to get the job done?

Foreign Portfolio Holdings of U.S. Securities as of June 30, 2005

United States Treasury; Federal Reserve Bank of New York; Board of Governors of the Federal Reserve System – Report - June 2006 – 194 pages

<http://www.treas.gov/tic/shl2005r.pdf>

“This report presents the findings of the annual survey of foreign holdings of U.S. securities for portfolio investment purposes as of June 30, 2005. It includes comparisons with the results of previous benchmark surveys since 1984... This report collects information on securities issued by U.S.-residents that are owned by foreign residents, including U.S. equities, U.S. short-term debt securities (including selected money market instruments), U.S. long-term debt securities, and U.S. asset-backed debt securities.”

Improving Financial Literacy in the United States

US Senate Committee on Banking, Housing, and Urban Affairs – Hearing - May 23, 2006

<http://banking.senate.gov/index.cfm?Fuseaction=Hearings.Detail&HearingID=211>

“Today, the Committee continues its efforts to promote greater financial literacy in this country. We will examine the National Strategy on Financial Literacy that the Treasury has recently unveiled and we will hear from a number of experts and opinion leaders whose work disseminating financial literacy we hope to learn from and encourage. Being literate in financial matters is critical to the success and freedom of this country. An informed populace will have skills necessary to take control of their lives and to navigate an increasingly complex economy.”

OTHER ECONOMIC POLICIES

Robert W. Hahn, Robert E. Litan

An Analysis of the Ninth Government Report on the Costs and Benefits of Federal Regulations

AEI/Brookings - June 30, 2006 – 25 pages

<http://www.aei-brookings.org/admin/authorpdfs/page.php?id=1290>

“This paper critically reviews the draft of the Office of Management and Budget’s ninth report on the benefits and costs of federal regulation. The draft report is similar to previous reports, and does not break new ground. We offer seven recommendations—six for OMB and one for Congress—that would help hold lawmakers and regulators more accountable for the regulations they produce. Our recommendations focus on getting the regulatory agencies to produce better analysis, making that analysis more transparent and readily available, and making the regulatory process itself more transparent.”

Draft 2006 Report to Congress on the Costs and Benefits of Federal Regulations (April 2006)

http://www.whitehouse.gov/omb/inforeg/reports/2006_draft_cost_benefit_report.pdf

Art Rolnick and Phil Davies

The Cost of Kelo

Federal Reserve Bank of Minneapolis – The Region – June 2006

<http://www.minneapolisfed.org/pubs/region/06-06/kelo.cfm>

“Contrary to last year's U.S. Supreme Court ruling *Kelo v. City of New London*, using eminent domain to foster economic development diminishes rather than enhances economic growth and the public good... Economic theory demonstrates that seizing land for private development, which interferes with free markets, fails the public use requirement by breaking the historic link to public goods and the general welfare.”

Airline Deregulation: Reregulating the Airline Industry Would Likely Reverse Consumer Benefits and Not Save Airline Pensions

GAO-06-630 – Report - June 9, 2006 - .

<http://www.gao.gov/cgi-bin/getrpt?GAO-06-630>

The Airline Deregulation Act of 1978 phased out the government's control over fares and service and allowed market forces to determine the price and level of domestic airline service in the United States... The House Report accompanying the 2006 Department of Transportation (DOT) Appropriation Act expressed concern about airline pension defaults... GAO is reporting on, among other things, (1) broad airline industry changes since deregulation, (2) fare and service changes since deregulation, and (3) whether there is evidence that reregulation of entry and fares would benefit consumers or the airline industry, or save airline pensions.

I.P.R.

Progress Report of the Department of Justice's Task Force on Intellectual Property 2006

U.S. Department of Justice - Task Force on Intellectual Property – Report – June 20, 2006 – 115 pages

<http://www.usdoj.gov/opa/documents/ipreport61906.pdf>

“The 2006 Progress Report underscores many critical successes and improved law enforcement tools in the fight against intellectual property theft, including: Dismantling international criminal organizations that commit intellectual property offenses; Expanding international training and technical assistance efforts; Increasing the number of extradition and mutual legal assistance treaties that include intellectual property offenses; Prosecuting intellectual property cases involving a threat to public health and safety; Carefully monitoring and vigorously protecting the right of victims to pursue intellectual property cases in civil courts; Organizing victims' conferences on intellectual property awareness; and Creating innovative intellectual property educational programs for America's youth.”

China's Enforcement of Intellectual Property Rights and the dangers of the Movement of Counterfeited and Pirated Goods into the United States

U.S.-China Economic and Security Review Commission - Hearing – June 7 & 8, 2006

http://www.uscc.gov/hearings/2006hearings/hr06_06_08_09.php

“The hearing is designed to assess China's compliance with its WTO accession agreement on intellectual property rights, examine how China's policies are affecting U.S. national security as well as the entertainment, recording, pharmaceutical and automotive industries, and identify how the U.S. government can improve the current level of IPR protection in China.”

The Analog Hole : Can Congress Protect Copyright and Promote Innovation?

U.S. Senate – Committee on the Judiciary – Hearing - June 21, 2006

<http://judiciary.senate.gov/hearing.cfm?id=1956>

Full Committee hearing to revisit the inherent tension created by our copyright laws in protecting creative works while encouraging technological innovation. Today, we look at the so-called “analog hole” -- a term that describes an existing technological loophole that may undermine copyright protection efforts against the piracy of this country’s visual creations.

REGIONAL ECONOMIC DEVELOPMENT

Michael Munley

Looking for Diamonds in the Rust: Midwest Cities and Job Growth

FRB Chicago – Chicago Fed letter – July 2006 – 4 pages

http://www.chicagofed.org/publications/fedletter/cfljuly2006_228.pdf

While many discuss the Midwest's economic struggles, often overlooked are the varied performances of the region's cities. The author looks at the performances of the region's cities since the turn in the regional economy five years ago and assesses how each city's performance was affected by its industry mix.

Cletus C. Coughlin, Thomas A. Garrett, and Rubén Hernández-Murillo

The Geography, Economics, and Politics of Lottery Adoption

FRB Saint Louis- Economic Review – May-June 2006 – 16 pages

<http://research.stlouisfed.org/publications/review/06/05/Coughlin.pdf>

“Since New Hampshire introduced the first modern state-sponsored lottery in 1964, 41 other states plus the District of Columbia have adopted lotteries. Lottery ticket sales in the United States topped \$48 billion in 2004, with state governments reaping nearly \$14 billion in net lottery revenue. In this paper the authors attempt to answer the question of why some states have adopted lotteries and others have not.”

Jason C. Boozza, Jackie Cutsinger, and George Galster

Where Did They Go? The Decline of Middle-Income Neighborhoods in Metropolitan America

The Brookings Institution – Report - June 2006 – 24 pages

http://www.brookings.edu/metro/pubs/20060622_middleclass.pdf

“Although middle-income families have declined considerably as a share of the overall family income distribution, it is noteworthy that middle-class neighborhoods have disappeared even faster in metropolitan areas, especially in cities. This trend suggests increased sorting of high- and low-income families into neighborhoods that reflect their own economic profiles, and increased vulnerability of middle-class neighborhoods “tipping” towards higher- or lower-income status. The resulting disparities among neighborhoods create new challenges for policies to enhance household mobility, improve the delivery of key public services, and promote private-sector investment in struggling locales.”

Mark Drabenstott and Jason Henderson

A New Rural Economy: A New Role for Public Policy

FRB Kansas City – Main Street Economist - Issue IV, 2006 – 7 pages

http://www.kansascityfed.org/RuralCenter/mainstreet/MSE_4_06.pdf

“The authors present the positive trends in rural employment and income growth in recent years, but suggest that rural regions face long-term economic challenges. They discuss the roles of entrepreneurship,

innovation, and building critical mass in economic development and how public policy can foster these activities.”

INDUSTRY

The Global Technology Revolution 2020, In-Depth Analyses: Bio/Nano/Materials/Information Trends, Drivers, Barriers, and Social Implications

Rand - June 1, 2006.

Full Report – 315 pages

http://www.rand.org/pubs/technical_reports/2006/RAND_TR303.pdf

Summary – 16 pages

http://www.rand.org/pubs/technical_reports/2006/RAND_TR303.sum.pdf

“In a previous study, we concluded that the world is undergoing a global technology revolution that is integrating developments in biotechnology, nanotechnology, materials technology, and information technology at an accelerating pace. Based on several parallel analyses of the state of globally important technology trends and how they are being constructed into specific applications, we conclude in this report that the technology of 2020 will continue to integrate developments from multiple scientific disciplines in a “convergence” that will have profound effects on society.” (study of 29 countries)

State of the U.S. Travel and Tourism Industry

Senate Committee on Commerce, Science, and Transportation – hearing - June 22, 2006,

http://commerce.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=1774

“Travel and tourism represents 2.6 percent of GDP and generated more than \$1 trillion of sales in 2005 alone. In 2005, the United States exported nearly \$103 billion in travel and tourism-related goods and services to more than forty-nine million international visitors... It is no surprise that the travel and tourism industry is one of America’s largest employers. Indeed, one out of every sixteen Americans is employed by travel and tourism-related businesses, ninety-four percent of which are classified as small businesses.”

Stephen Cooney

China's Impact on the U.S. Automotive Industry

Congressional Research Service - Updated April 4, 2006 – 26 pages

<http://www.fas.org/sgp/crs/misc/RL33317.pdf>

“China is both the fastest growing motor vehicle market and the fastest growing vehicle producer. In the number of vehicles that it manufactures China has passed Korea and France, is on pace to overtake Germany, and would then trail only the United States and Japan... Most experts do not see a high volume of exports from China into industrialized country markets in the near future. By contrast, Chinese auto parts exports are already making inroads into the United States.”

S Corporations – Their History and Challenges

House – Small Business Committee – Hearing - June 27, 2006

<http://www.house.gov/smbiz/hearings/databaseDrivenHearingsSystem/hearingPage.asp?hearingIdDateForm at=060627>

“Today we will hear testimony expounding on:

The history of S corporations and the role they have played in encouraging the rise of small and closely-held businesses and in the U.S. economy;
The unique challenges S corporations face with the rules governing subchapter S;
Legislative proposals to modernize the S corporation structure; and
IRS National Research Program study of S corporations.”

AGRICULTURE

Robert A. Hoppe and David E. Banker

Structure and Finances of U.S. Farms: 2005 Family Farm Report.

USDA, Economic Research Service - May 2006 – 50 pages

<http://www.ers.usda.gov/publications/EIB12>

“Most farms in the United States-98 percent in 2003-are family farms. They are organized as proprietorships, partnerships, or family corporations. Even the largest farms tend to be family farms. Very large family farms account for a small share of farms but a large-and growing-share of farm sales. Small family farms account for most farms but produce a modest share of farm output. Median income for farm households is ten percent greater than the median for all U.S. households. Small-farm households also receive substantial off-farm income.”

Farm Loan Programs: GAO Reports on USDA Lending Practices

GAO – Report - June 28, 2006 – 7 pages

<http://www.gao.gov/cgi-bin/getrpt?GAO-06-912R>

“The USDA Farm Service Agency’s (FSA) farm loan programs are intended to provide temporary financial assistance for the nation’s farmers and ranchers who are unable to obtain commercial credit at reasonable rates and terms... Our reports from the mid-1980s through 2001 highlighted significant financial and policy shortcomings in USDA’s farm loan programs. In particular, we reported that billions of dollars of losses had occurred on USDA’s farm loan programs because of weaknesses in USDA’s lending practices and management of the program.”

Jim Monke

Avian Influenza: Agricultural Issues

Library of Congress, Congressional Research Service - Updated May 10, 2006 – 6 pages

<http://www.ncseonline.org/nle/crsreports/06apr/RS21747.pdf>

“In the United States the highly pathogenic avian influenza strain H5N1 of current global concern has not reached the United States, neither in poultry nor humans. To reduce the possibility that H5N1 enters U.S. borders, the U.S. Department of Agriculture (USDA) has blocked imports of poultry and poultry products from affected countries, and increased smuggling interdiction efforts. The Department of Homeland Security helps with enforcement through Customs and Border Protection. Since wild birds can carry the disease, the United States has increased surveillance where flyways overlap because officials suspect migrating birds in Asia could carry the virus to Alaska this Spring, and down the Pacific and other flyways in the fall of 2006.”

ENERGY

Ben S. Bernanke

Energy and the Economy

Federal Reserve Board - Remarks before the Economic Club of Chicago - June 15, 2006

<http://www.federalreserve.gov/boarddocs/speeches/2006/200606152/default.htm>

“This higher relative price of energy poses many important questions for economists and policymakers. Why have the prices of oil and natural gas risen so much? What is the outlook for energy supplies and prices in the medium term and in the long term? And what implications does the behavior of energy prices have for the ongoing economic expansion and inflation? I will touch briefly on each of these questions.”

Siting Critical Energy Infrastructure: An Overview of Needs and Challenges

White Paper Prepared by the Staff of the National Commission on Energy Policy, June 2006

http://www.energycommission.org/files/contentFiles/Siting%20Critical%20Energy%20Infrastructure_448851db5fa7d.pdf

This paper explores the infrastructure challenges and opportunities that will affect ongoing efforts to improve upon and modernize our nation's energy systems. To develop a more nuanced understanding of infrastructure siting issues and begin to elucidate realities on all sides of the debate, the Commission is sponsoring a series of workshops for later in 2006 and 2007. Initial workshops will focus on some of the resources and technologies that figure most prominently in current energy policy discussions: liquefied natural gas, electricity transmission, renewable energy (primarily wind and biofuels), nuclear power, and advanced coal technologies and carbon sequestration.

Alternative Energy Technologies

U.S. Senate – Commerce Committee – Hearing- June 14, 2006

http://commerce.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=1763

“As other nations consider alternative energy technologies, the United States should make sure that it remains innovative in this sector. This hearing will highlight developments in lithium ion battery technology, fuel cell technology, solar power, wave power, and intelligent energy management products. Several of these technologies can be used for multiple power purposes. For example, fuel cells can be used to power not only cellphones, PDAs, and other portable products, but also cars and buildings. While these technologies are not the only alternative energy technologies being developed, they offer promising examples of the progress that has already been made, and which can be made in the energy field in the future.”

Brett D. Schaefer

America's Growing Reliance on African Energy Resources

The Heritage Foundation - Backgrounder #1944 - June 20, 2006 -

<http://www.heritage.org/Research/Africa/bg1944.cfm>

“Most Americans view Africa as a region plagued by instability, poverty, and poor governance. Although accurate for portions of the continent, this picture is far from complete and fails to recognize the region's growing importance to U.S. national security and economic interests... Moreover, as articulated in both the 2006 State of the Union address and the National Security Strategy, the importance of expanding and ensuring America's access to energy resources has transformed Africa from a strategic backwater into a priority region for U.S. economic, political, and military interests. However, pursuit of oil should not trump the economic and political reform necessary to sustain long-term economic growth and development.”

Canadian Oil Sands: A New Force in the World Oil Market

Joint Economic Committee – Study - June 2006 – 14 pages

http://www.house.gov/jec/publications/109/06-26-06_oil_sands.pdf

“Huge reserves of unconventional oil in Canada and their accelerated development will undermine the OPEC oil cartel in coming years... Estimates of proven oil reserves rank Canada second only to Saudi Arabia, with the possibility that Canada's reserves may be even larger. Strong economic incentives would exist, even with oil prices at half the current level, to ramp up oil sands production and more than double output in ten years.”

The Effects of the High Cost of Natural Gas on Small Businesses and Future Energy Technologies

House - Small Business Committee – Hearing - June 28, 2006

<http://wwwc.house.gov/smbiz/hearings/databaseDrivenHearingsSystem/hearingPage.asp?hearingIdDateForm at=060628>

“Currently, our small businesses are suffering from the high cost of natural gas, which, over the last year, has risen to prices as high as \$15 per million BTUs... These high prices are not only effecting businesses and consumers, but they are also hampering the technological advancements of our alternative fuel goals; specifically hydrogen. Natural gas and electricity are the primary energy sources for obtaining hydrogen. How can we realistically expect to advance the objectives of our alternative fuels strategies when we are providing one of the greatest obstacles ourselves through our energy policies?”

RENEWABLE FUELS

Randy Schnepf

Agriculture-Based Renewable Energy Production

Library of Congress - Congressional Research Service - May 18, 2006 – 44 pages

<http://www.nationalaglawcenter.org/assets/crs/RL32712.pdf>

“Since the late 1970s, U.S. policy makers at both the federal and state levels have enacted a variety of incentives, regulations, and programs to encourage the production and use of agriculture-based renewable energy. Motivations cited for these legislative initiatives include energy security concerns, reduction in greenhouse gas emissions, and raising domestic demand for U.S.-produced farm products. Agricultural households and rural communities have responded to these government incentives and have expanded their production of renewable energy, primarily in the form of biofuels and wind power, every year since 1996.”

Future of Renewable Fuels and Flex-Fuel Vehicles

Agriculture’s Role in the Renewable Fuels Market

House, Committee on Agriculture – Hearings - May 22, and June 29, 2006

<http://agriculture.house.gov/hearings/statements.html>

“The U.S. ethanol industry is expanding at a dramatic rate. In 2005, the industry produced just over 3.9 billion gallons of ethanol, nearly twice the amount produced in 2002. More than 1.4 billion bushels of corn -- or 13.6 percent of total corn use -- went to ethanol production in 2005. Rapid growth is expected to continue well into the future. The considerable increase in corn use for ethanol has caused many traditional corn customers to question how feed, food, and export markets will be affected by increased ethanol production.”

David W. Monsma

A High Growth Strategy for Ethanol

Report of an Aspen Institute Policy Dialogue, June 2006

<http://www.aspeninstitute.org/atf/cf/{DEB6F227-659B-4EC8-8F84-8DF23CA704F5}/EEEethanol1.pdf>

The Aspen Institute convened a group of leaders from government and the farm, environmental, energy, security and academic communities who met for two and a half days at Wye Woods in late March to discuss the potential of biofuels to improve energy security, the environment, and the economy. Co-chaired by Booz Allen Hamilton Vice President and former CIA Director R. James Woolsey and former Congressman Tom Ewing (R. IL), they developed a series of recommendations to stimulate the widespread commercialization of both corn and cellulosic ethanol as a replacement for gasoline.

Assessing Progress in Advanced Technologies for Vehicles and Fuels

House - Subcommittee on Energy - Field Hearing - June 5, 2006 -

<http://www.house.gov/science/hearings/energy06/June%205/index.htm>

“More than anything else, Americans want to be able to hop into their cars and go. Very few care what makes their car go. They just want it to be inexpensive and easy to get. Our interest today is in retaining that convenience and minimizing its cost – to our national security, to our economic security, and to our environment, not to mention to the family budget – through the use of research and technology. We need to be working towards cars that can run on whatever energy source is available at the lowest cost: be it electricity, gasoline, biofuel, hydrogen, or some combination of these. In addition, we need to find ways to make these diverse fuels readily available across the country.”

The Energy and Mineral Requirements for Renewable and Alternative Fuels Used for Transportation and Other Purposes

House – Committee on resources – Hearing - May 18, 2006

<http://resourcescommittee.house.gov/archives/109/emr/051806.htm>

Testimonies on challenges posed by increasing demand for copper and platinum.

Renewable Fuel Standards

U.S. Senate- Committee on Energy – Hearing - June 19, 2006

http://energy.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=1565

“The purpose of the hearing is to receive testimony regarding implementation of the Renewable Fuel Standard in the 2005 Energy Bill and the future potential of biofuels such as biodiesel, cellulosic ethanol, and E85.”

EMPLOYMENT – WAGES - PENSIONS

Ethan Lewis

Is Technology Raising Demand for Skills, or Are Skills Raising Demand for Technology?

FRB Philadelphia - Business Review - Second Quarter 2006 – 9 pages

http://www.philadelphiafed.org/files/br/br_q2-2006-3_technology-raising-demand.pdf

“Ethan Lewis describes a common view that recent technological advances, such as the introduction of computers, have rendered obsolete some occupations that require less skill and have increased businesses’ desire to hire skilled workers. But what if the rising skills of U.S. workers are inducing businesses to adopt—and maybe even develop — new technologies that require workers who are more skilled? Lewis assesses this alternative view by examining the evidence that increasing skills are driving technological change.”

Chris Edwards

Federal Pay Outpaces Private-Sector Pay

Cato Institute – Tax and Budget – May 2006 - 2 pages

<http://www.upitilt.com/c.html?rtr=on&s=77z,kmwf,10k2,job3,jilv,lvwc,44m4>

“Compensation for the federal government's 1.9 million civilian workers in the executive branch costs almost \$200 billion annually. Federal wages and benefits have been rising quickly, and by 2004 the average compensation of federal workers was almost twice the average in the private sector. Compensation policies should be examined for possible savings to reduce large federal budget deficits.”

Small Business Pension Plans: How Can We Increase Worker Coverage ?

U.S. Senate – Committee on Finance – Hearing - June 29, 2006

<http://finance.senate.gov/sitepages/hearing062906.htm>

Full committee hearing on how to augment pension plans for small businesses. Specifically examine a new proposal – automatic individual retirement accounts (IRAs). This proposal has merit because it provides a simple way for small employers to help their employees save. If implemented properly, it could be a stepping stone for small employers to offer pension coverage.

Alex J. Pollock

Addressing the Insolvency of the Pension Benefit Guaranty Corporation

AEI – Financial Services Outlook - June 14, 2006 – 6 pages

http://www.aei.org/publications/pubID.24552,filter.all/pub_detail.asp

“The inherent structural risks of having the government insure--through the Pension Benefit Guaranty Corporation (PBGC)--the future commitments of defined benefit pension plans has resulted in a reported deficit of \$23 billion. The present value of the long-term cash deficit has been estimated at \$92 billion. Pending legislation would improve the financial exposure of the PBGC, but would still leave a large projected deficit and fundamental structural problems.”

HEALTH

Reforming the U.S. Health Care System: Where There's A Will, There Could Be A Way

FRB Boston - 2005 Annual Report – 19 pages

www.bos.frb.org/about/ar/ar2005/essay.pdf

Why has health care become a major challenge to the U.S. economy and to economic policymakers?

Robert E. Moffit, Ph.D., Jennifer A. Marshall, and Grace V. Smith

Patients' Freedom of Conscience: The Case for Values-Driven Health Plans

The Heritage Foundation – Web Memo – May 12th, 2006 – 23p

<http://www.heritage.org/Research/HealthCare/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=97008>

“Ethical and moral issues are inseparable from health care. These issues include bitter debates over the tax-payer and insurance funding of controversial procedures such as abortion, contraception, in vitro fertilization, and, more recently, physician-assisted sui-cide and the protocols governing end-of-life care.

While concerns over health care have been deepening— driven by anxieties over costs, access to health care coverage, and quality of care—more and more Americans are becoming concerned about the impact of ongoing biomedical research on embryonic stem cells, human cloning, genetic engineering, and government policy on end-of-life care.”

Michael F. Cannon

Health Savings Accounts: Do the Critics Have a Point?

Cato Institute – Policy Analysis – May 30, 2006 – 28 pages

<http://www.cato.org/pubs/pas/pa569.pdf>

“In light of criticisms that HSAs are ineffective or even harmful, a new Cato Institute study finds that HSAs should be expanded... Michael Cannon acknowledges the validity of some criticisms of HSAs, but finds that most shortcomings are due to the unnecessarily rigid HSA rules. To remedy these shortcomings, Cannon proposes expanding HSAs to give individuals full ownership of and control over their health care dollars. Expanding HSAs in this way, the study concludes, will reduce the government's influence over consumers' medical decisions, expand health insurance choices, and benefit the chronically ill and the poor.”

INTERNATIONAL TRADE

James K. Jackson

U.S. Trade Deficit and the Impact of Rising Oil Prices

Library of Congress - Congressional Research Service - Updated June 9, 2006 – 6 pages

<http://www.ncseonline.org/NLE/CRSreports/06may/RS22204.pdf>

“Petroleum prices have risen sharply since early 2004. At the same time the average amount of imports of energy-related petroleum products has fallen slightly. The combination of sharply rising prices and a slightly lower level of imports of energy-related petroleum products translates into an escalating cost for those imports. This rising cost added an estimated \$70 billion to the nation's trade deficit in 2005 and could add \$80-\$100 billion in 2006, depending on how sustainable is the rate of recent price increases. This report provides an estimate of the initial impact of the rising oil prices on the nation's merchandise trade deficit, and will be updated as warranted by events.”

Reauthorization of the Export-Import Bank

US Senate - Committee on Banking, Housing, and Urban Affairs – Hearing – June 20th, 2006

<http://banking.senate.gov/index.cfm?Fuseaction=Hearings.Detail&HearingID=220>

Full committee hearing to examine the reauthorization of the Export-Import Bank, whose purpose is to finance U.S. exports in order to create U.S. jobs. Specific issues include: the adequacy of the Bank's procedures to measure whether particular transactions create a net gain in American jobs, the constant refrain that the Bank is not adequately servicing the needs of smaller exporters, and the Bank's continued failure to make use of the Tied Aid War Chest.

The U.S.- Peru Trade Promotion Agreement

U.S. Senate- Committee on Finance – Hearing - June 29, 2006

<http://finance.senate.gov/sitepages/hearing062906a.htm>

“Full committee hearing to discuss the economic and political benefits of our free trade agreement with Peru. The agreement sets out fair and reciprocal trade rules which will promote economic growth and prosperity in

both countries. It eliminates unfair barriers to U.S. exporters, opening a market of 28 million consumers to U.S. manufacturers, farmers, ranchers, and service providers. In exchange, the Agreement makes permanent the trade benefits Congress first authorized for Peru in 1991 under the Andean Trade Preference Act.”

Jeffrey J. Schott, Scott C. Bradford, and Thomas Moll

Negotiating the Korea–United States Free Trade Agreement

Institute for International Economics – Policy Brief – June 2006 – 35 pages

<http://www.iie.com/publications/pb/pb06-4.pdf>

“Difficult and sensitive issues will command the attention of US and Korean officials as they negotiate a bilateral free trade agreement (FTA). The United States will have to put long-standing US barriers to Korean exports of textiles, apparel, and steel on the table and resolve problems with South Korean access to the US visa waiver program. In turn, South Korea will have to open new opportunities for US goods and services, including autos, beef, and rice. Such a deal will pose a stiff political challenge for Korean officials.”

William H. Cooper and Mark E. Manyin

The Proposed South Korea-U.S. Free Trade Agreement (KORUSFTA)

Library of Congress, Congressional Research Service - May 24, 2006 – 32 pages

<http://www.au.af.mil/au/awc/awcgate/crs/rl33435.pdf>

“On February 2, 2006, former United States Trade Representative (USTR) Robert Portman and South Korean Trade Minister Kim Hyun-Chong, announced their two countries' intention to negotiate a Korea-U.S. free trade agreement (KORUSFTA)... The outcome of the negotiations could have broad implications for the U.S.-South Korean bilateral relationship. If the two sides successfully resolve certain fundamental issues that have caused friction, the bilateral relationship could be stronger in the long term. If they fail, the relationship could be damaged for some time. Also, the KORUSFTA would be the second largest FTA in which the United States is a participant and the largest in which South Korea is a participant, representing a major step for both countries in their pursuit of their respective trade strategies.”

DEVELOPMENT

Kimberly Ann Elliott

Can Doha Still Deliver on the Development Agenda?

Institute for International Economics – Policy Brief – June 2006 – 8 pages

<http://www.iie.com/publications/pb/pb06-5.pdf>

“Developing countries, especially the poorest, have the most at risk if the Doha Round is not wrapped up this year. If the multilateral negotiations languish, the recent trend toward bilateral and regional trade agreements will accelerate. These arrangements hurt the smallest and poorest countries the most, since they are often excluded. Developing countries would also lose the leverage they gain from negotiating as a group in the multilateral context. Proposals of particular interest to developing countries, including aid for trade and duty- and quota-free treatment for least-developed countries, might also be pulled off the table.”

Reforming Foreign Aid

CSIS/Brookings – June 2006

http://www.brookings.edu/global/foreign_assistance.htm

“While more than forty years of foreign assistance have shown some successes, assistance programs remain dispersed between many agencies and branches of government in a manner that inhibits formulation and implementation of a coherent, effective strategy. To address this problem, the Brookings Institution and the Center for Strategic and International Studies convened the Task Force on Transforming Foreign Assistance in the 21st Century. Over the past 15 months, the bipartisan group has worked to forge a consensus on the best practices in foreign assistance policymaking. Their work and recommendations, published under the title *Security by Other Means*, chart the way toward greater effectiveness, cohesion, and accountability in foreign aid.”

MISCELLANEOUS

Jeffrey J. Kuenzi, Christine M. Matthews, and Bonnie F. Mangan.

Science, Technology, Engineering, and Mathematics (STEM) Education Issues and Legislative Options

Congressional Research Service - May 22, 2006 - 35 pages

<http://www.fas.org/sgp/crs/misc/RL33434.pdf>

“There is growing concern that the United States is not preparing a sufficient number of students, teachers, and practitioners in the areas of science, technology, engineering, and mathematics (STEM)... Several pieces of legislation have been introduced in the 109th Congress that address U.S. economic competitiveness in general and support STEM education in particular... The objective of this report is to provide a useful context for these legislative proposals. To achieve this, the report first presents data on the state of STEM education and then examines the federal role in promoting STEM education.”

Catherine L. Mann, assisted by Jacob Funk Kirkegaard

Accelerating the Globalization of America: The Role for Information Technology

Institute for International Economics – Book – June 2006 – 256 pages

http://bookstore.iie.com/merchant.mvc?Screen=PROD&Product_Code=3900

“Information technology (IT) is the most robust sector in the global economy, outpacing investment and trade growth for any other product and also pushing for more globalization of many other industries. Globalization of US IT firms has promoted deeper integration of IT throughout the US economy, which in turn has promoted more extensive globalization in other sectors of the US economy and labor market. How will the increasingly globalized IT industry affect US long-term growth, intermediate macro performance, and disparities in the US labor market? What policies are needed to ensure that the United States remains first in innovation, business transformation, and education and skills, which are prerequisites for US economic leadership in the 21st century?”

Giving: U.S. Philanthropy

Department of State – Electronic Journal – 48 pages

<http://usinfo.state.gov/journals/itsv/0506/ijse/ijse0506.htm>

“From small, spontaneous outpourings of support for a specific cause, to organizations with a staff and structure to rival a multinational corporation, there are many variations of philanthropy in the United States. This issue of eJournal USA discusses the history, variety, and some key examples of this aspect of U.S. society, helping describe a phenomenon that is viewed proudly by Americans as an important societal strength that gives citizens connection to and control over programs that might otherwise be handled by government.”

Andrew Kohut and Bruce Stokes

America against the World: How We Are Different and Why We Are Disliked

Book reviewed by Walter Russell Mead, Foreign Affairs, May/June 2006

<http://www.foreignaffairs.org/20060501fabook85330/andrew-kohut-bruce-stokes/america-against-the-world-how-we-are-different-and-why-we-are-disliked.html>

“The most significant differences between Americans and others have to do with individualism: whether from red or blue states, Americans tend to be more optimistic than most people about their ability to shape their own lives and more pessimistic about both the propriety and the efficacy of using government action to solve social problems. As individualists, Americans tend to be skeptical of organizations like the United Nations; as optimists, they underestimate the dangers and obstacles that lie ahead. These attitudes, Kohut and Stokes suggest, are likely to create enduring problems as long as the most individualistic people on the planet continue to bear the greatest responsibility for solving problems that demand united global action.”